TEXTBOOKS IN GOVERNMENT FINANCE

There is perhaps no more remarkable phenomenon in the literature of economics than the paucity of general treatises in the English language on government finance. The only book of this kind by an English writer, Bastable's *Public Finance*, is scholarly, thorough, and comprehensive, but it has not been revised since 1903, for the undergraduate student it is too densely packed with details of only antiquarian interest, it is heavy reading, and on matters of special concern to American students it is very often uncomprehending, almost always inadequate. Of American treatises, except the two which are the subject of this article, there are only two others. Of these the late H. C. Adams' *Science of Finance* was a landmark in the history of American literature in its field. It had the outstanding merits of originality, of power of analysis, and of maturity of thought. As a teaching text, however, it had the serious defect that it was excessively abstract in character, and took too much knowledge on the part of the reader for granted. It contained very little descriptive matter, even for illustrative purposes, and it made no attempt to describe the current financial practices and taxation methods of American governments. Moreover, it is now ten years since the latest edition was published, and too much has happened to government finance in the last decade to make anything but a post-war treatment suitable for the college instructor who wishes either to derive his general principles from a discussion of recent developments or to use accepted general principles in the explanation and appraisal of recent developments. The other American text, W. M. Daniels' *Public Finance*, was, for its purposes and within its set limits, excellent. It combined acute analytical power with a generous acquaintance and use of both the literature and the facts of government finance. Above all, it was written in a clear and highly read-

able style, a matter of no small importance in judging the comparative merits of textbooks for undergraduate use. This book is small, however, and in its scanty 380 pages it manages to deal with the American monetary system as well as with government finance proper. Moreover, it was published in 1904, and is now out of print.

The acknowledged leaders in the United States in the field of government finance, T. S. Adams, Bullock, Hollander, Seligman, and others, have not yet summarized in general treatise form the matured product of their able researches in special problems and of the practical contact with the realities of taxation and of financial administration which they have attained in their extensive participation in the work of official and quasi-official commissions. The choice of a textbook for undergraduate classes is practically confined, therefore, to one or the other of the two books which are the subject of this article. It should be noted, however, that Bullock's excellent *Selected Readings in Public Finance*—whose latest revised edition was issued by the publishers as recently as 1920, but bears internal evidence that it had been completed several years prior to publication—has been for many years of invaluable aid as classroom material. Many instructors, after disheartening experience with other texts, have fallen back upon it as a last resort, although it was obviously intended for collateral reading. The instructor of undergraduate classes in government finance would have been in a sorry plight indeed in the last ten years if Bullock's *Readings* had not been available.

This dearth of textbooks makes the publication of a new text or the extensive revision of an old text a matter of major importance. The appearance of a revised edition of Plehn's *Introduction to Public Finance*[1] and of an initial version of Hunter's *Outlines of Public Finance*[2] are events, therefore, of greater significance than their intrinsic merits would of themselves indicate.

[1] Carl C. Plehn, *Introduction to Public Finance.* 4th edition. New York: Macmillan, 1921. Pp. xix+446.

[2] Merlin Harold Hunter, *Outlines of Public Finance.* New York: Harper, 1921. Pp. viii+533.

Plehn's book, originally published in 1896, has now reached its fourth edition. In the twenty-five years since its first appearance there was assuredly ample time to make it reflect the ripened wisdom and experience of a lifetime's work especially devoted to the study and teaching of government finance. This is not a neophyte's work and makes no special appeal to charity of judgment on this ground. Moreover, "the book" Professor Plehn says, "has been extensively revised throughout" and "facts and figures have been brought down to date" (pp. x, xi, Preface). It is a reasonable expectation that this statement in its common everyday meaning should be confirmed by the book's contents. It should be said at once that in spite of what follows the book is by no means devoid of merit. It offers a concise, well-balanced elementary treatment of the subject-matter of government finance. It makes no special pleas and submits no panaceas for society's ills. It is in its details that the book lays itself open to drastic faultfinding, but the shortcomings of the details are so serious and so numerous, that only a complete and thorough revision, both of the factual data and of the reasoning, can regain for it its former degree of usefulness as a textbook.

The third edition of the book was published in 1909. Such revision and additions as have been made in the fourth edition with a view to taking subsequent developments into account apply almost wholly to the period since the beginning of the Great War. Statements of fact and citations of statistics which were pertinent to the 1909 edition have been revised in part if they have come into direct conflict with developments since 1914. If they were falsified by developments subsequent to 1909 but prior to 1914 they remain in the book unaltered and unqualified. The specific items justifying this charge that the factual material has not been adequately revised are too numerous for complete citation here. Only a few instances will be presented as typical of the need for factual revision.

The statement that the British income tax is levied upon the annual increment of wealth (income?) as such, irrespective of the person who is the recipient thereof (pp. 69, 70), was true only prior to the Lloyd George reforms of 1909–10, and even

then was true only with qualifications. The statement that "the tax system of the United States is still . . . . [a] mere accidental jumble of different historical taxes, which are retained simply for the revenue that they yield and not because of any belief in their justice" (p. 88), has, since the introduction of federal income and inheritance taxation, lost what measure of truth it may once have contained. Even in the old days, moreover, the tariff and perhaps also the tobacco and liquor excises were not retained simply for the revenue that they yielded. In a summary characterization of the recent developments in state taxation, the failure to mention, among other things, the increasing resort to income taxation, shows that this section (p. 130) has been carried over from the 1909 edition without the revision it needed. The use of obsolete 1908 or even older statistics recurs throughout the book (e.g., pp. 142, 145, 147, 154, 335, 340, 374). The statement that "import duties are still very numerous. . . . . Until recently about half of the United States federal income was from this source; now it is slightly less in proportion" (p. 145), has not been true since 1914. The remark that "the [United States tariff] bill of 1909 *is* not generally regarded as a final settlement of the tariff question" (p. 162) reveals the 1909 vintage of the tariff survey of which it is a part. The statement that export duties are still levied in the Philippines (p. 145, note) is incorrect, since these duties were repealed in 1913.

Another defect is the casual and unmethodic manner in which the author treats the problem of the citation of authorities. Sometimes the sole reference is by the name of the author cited in the main body of the text: e.g., "as Cohn has so well pointed out" (p. 75); "in the opinion of Geffcken" (p. 36). If the citation is in a footnote, something is very frequently omitted, either the initials of the author, or the title or part of the title of the book, or the page reference, or the date of the edition from which the citation is made: e.g., "Kidd, *Social Evolution*" (p. 11 in Plehn); "Malthus, *Essay*, p. 438" (p. 41 in Plehn); "Sidgwick, Book II, chap. x" (p. 74 in Plehn); "See Ripley and Wood" (p. 192 in Plehn); "Rand, p. 207 ff." (p. 152 in Plehn).

Of export duties, Plehn states: "Turkey and India are now the only countries where export duties form an important item of revenue. India is the only country in which the export duties exceed the import duties. In Turkey the duty is 1 per cent of all exported commodities" (p. 145). In underestimating the importance of export duties, Plehn is merely following the beaten track. Export duties are still an important source of revenue in backward and in tropical countries. China has a general rate of 5 per cent on imports *and* exports, and generally they each produce about the same amount of revenue; for the years 1896 to 1900 inclusive, the Chinese export duties yielded more *on the average* than the import duties, and from 1915 to 1919 inclusive, the export duties yielded more *each* year. Chile normally raises more revenue from export duties than from import duties—in 1913, 58 per cent of the customs revenue was produced by the export duties; in the same year Ecuador, Bolivia, and Paraguay, respectively, received 45 per cent, 37 per cent, and 21 per cent of their customs revenue from export duties. As all of these countries depend to a considerable extent on the customs for their revenue, export duties were in each case an important source of revenue. The Federated Malay States, Siam, Persia, Morocco, all depend upon export duties for an important fraction of their revenue. Many additional instances of the surviving importance of export duties are undoubtedly to be found in the tropical colonies of European powers, in Eastern Europe, and in Central America. The reference to Turkey is partly, and to India wholly, erroneous. Turkey, since the termination of the capitulations, has levied specific export duties in addition to the normal 1 per cent ad valorem tax on all exports. India in 1916 greatly extended her use of export duties, but in 1918–19 she obtained less than $12,000,000 revenue from export duties and about $38,000,000 from import duties. In the period 1896 to 1916 the only Indian export duty was a duty of 3 annas (6 cents) per 87 pounds of rice—a low rate and one which could not possibly have produced as much revenue as did the general 5 per cent duty on imports. Perhaps the author included as export duties for India the profits of the opium monopoly, whose revenue before

1913 exceeded the revenue produced by the duties on imports. The government bought the opium at fixed prices and sold it at auction to the highest bidders, whether domestic or foreign, so that under no definition of the term could the opium revenue be classed as an export duty.

There are in the book occasional *obiter dicta* whose axiomatic character is rarely as obvious as the manner of presentation would indicate. For instance, the maxim of Manu, an ancient Hindu sage, to the effect that governments should aim at equality of taxation and that equality means progressive taxation, is quoted by Professor Plehn early in the book "so that it may come early to the reader's attention and remain ever in his mind as he proceeds" (p. 4), and is acclaimed as a greater maxim than any of those presented by Adam Smith (*ibid.*). Moreover, Plehn later adds a further measure of praise to this maxim: "After a careful study of all the modern theories of justice in taxation we are forced to the conclusion that none of them is superior in any way to the noble maxim or canon of Manu" (p. 95). The problem of the nature and functions of the state is neatly, if theocentrically, solved in the formula: "The State seems to be God-given to enable society to organize on a grand scale for the accomplishment of practical ends far beyond the reach of the individual" (p. 11). Similar offhand solution of a difficult problem is presented in connection with the conflict between Individualism and Socialism: "The way of reconciling these two theories is pointed out in the Christian doctrine that true freedom consists in perfect obedience to the law. Anything short of perfect obedience to the highest law is failure to attain the highest freedom" (p. 12). Although the author does not make clear what law is to be obeyed and how such obedience becomes synonymous with freedom, apparently he has in mind some formula of Hegelian flavor with respect to the free development of personality. But the most dogmatic *pronunciamento* is the following plea for compulsory military training:

> In those countries where the entire male population is passed through rigid military training, the military system supplements in a very important manner the general educational system and gives valuable mental and physical training. Countries with a small standing army participate in

this benefit to a much smaller degree. The existence of a strong military spirit fosters the virility of a people, and hence contributes to its manhood and efficiency in every direction, while the absence of that spirit betokens effeminateness and degeneracy [pp. 33, 34].

There are a number of statements of alleged fact which need supporting evidence to make them sound plausible. Is it true for instance that "In England the provision for education made by public authorities is generally less than in most other countries"? (p. 36). Would England really come out so badly in a comparison with the Latin-American republics, the southern states of the United States, the Mediterranean countries, the Balkans, Russia, China, Japan? Again, the statement that "it is perfectly feasible by a proper division of the field between the different institutions to make the prisons, insane asylums, and the like entirely self-sustaining" (p. 43) seems unduly optimistic. With reference to the statement that "there is no country which does not attempt to apply the principle that the rich should be taxed *proportionately more heavily* than the poor" (p. 96, italics his) if "proportionately more heavily" means progressively, as the context indicates, is the statement true in so far as entire tax systems are concerned? Would the statement that the infant industries argument is the oldest argument for tariff protection (p. 48), or the statement that "in every state except New York, the taxpayer is by law required to fill out a minute inventory of all his furniture and other personal property" (p. 182), withstand careful research?

The author, in an attempt to explain why in the United States property taxation is always based on selling and not on rental values, asks the reader to remember "that there is practically no tenant class in the United States, that agricultural land is for the most part cultivated by its owners, or by tenants who expect to become land owners," with the implication that selling values are therefore more easily determinable than annual rental values (p. 179). This statement of the tenancy situation in the United States is somewhat ambiguous. It apparently is intended to be applied only to agricultural land, but the conclusions which the author derives from it are applied to both city real estate and farm lands. The author does not make

clear what the expectations of tenants with respect to the permanence of their condition of tenancy has to do with the ease or difficulty of determining annual rental values. In any case, there is a great deal of tenancy in the United States, the great bulk of the population of the large cities and about half the farmers being tenants.

Although a considerable proportion of the text is taken up with problems of definition and classification, the author does not succeed altogether in avoiding entanglement in the mazes of his own classifications. Thus on one page a fee is a compulsory payment for a special service which covers "the cost or a part of the cost thereof" (p. 59). A few pages later, "the essential consideration to be held in mind" about fees is that "they cover a part of the total cost of certain governmental activities. . . . . When the payment covers the whole or a little more than the whole cost, it is a rate" (p. 71). A few pages later, charges equal to the cost of the service regain their status as fees. "The city may decide . . . . to charge only what the service costs. . . . . Then the payment by the citizen is a fee" (p. 74). There is agreement here on at least one point, namely, that fees do not exceed the cost of the service for which they are charged. But when the author lists the various types of fees he includes a number of charges which are imposed not so much for services as for privileges, and which are commonly in excess of the cost they entail to the government, e.g., probate fees, marriage licenses, passport fees, fees for consular vouching of invoices, etc. (pp. 71, 72, 330, *et passim*). The statements that "so far as any actual 'protection' is afforded the home producer [by import duties], it is an item of expenditure" (p. 48) and that "it is too often forgotten that all protection is public expenditure" (p. 50) rest on an ambiguous use of the word "public," and are effective arguments in support of Plehn's own advocacy in other writings of the substitution of the term "government" for "public" wherever government is meant. Two equally defensible but non-related and inharmonious bases for differentiation between direct and indirect taxes are both accepted by the author, and confusion is then made worse con-

founded when, in applying his dual classification to actual taxes, Plehn classifies customs duties with indirect taxes, but makes an exception of the French customs duties *because the French government calls them direct taxes!* (pp. 67, 68).

In a number of instances it is difficult to trace the logical development of the author's reasoning. Thus, after a conventional explanation of graduated and regressive taxes, Plehn states, "that graduated taxes are usually regressive within each grade; that is, the tax is a larger proportion of the base for a taxpayer who is just over the lower limit than for one who is at or near the upper limit of the grade" (p. 81). This is true only for such exceptional taxes as the Prussian income tax of 1891, which had fixed specific rates for each grade of the base, so that the total tax payable was the same absolute amount for an income just equal to the minimum limit of a given grade as for an income just equal to the maximum limit of the same grade. An argument for progressive taxation along the lines formulated by Seligman, namely, equality of sacrifice and faculty for earning income, is followed by the statement that the "leave-them-as-you-find-them" theory of justice in taxation is "only slightly different in form" (p. 95). As originally formulated by McCulloch, and as invariably interpreted by modern writers, the "leave-them-as-you-find-them" theory leads to proportional, and not to progressive, taxation. Of two other theories in support of progression, the "compensatory" and the "socialistic" theories, he states that they both "adopt the hypothesis that the common benefit is equal, and demand that the inequalities in wealth should be removed in order to make it easily possible to tax according to this equal benefit." What he means here is far from being clear, but his subsequent explanation of these theories is not comprehensible except on the assumption that the author meant that the benefits from government were unequal and not equal. "Neither of these theories," our author says, "can justly be called scientific; they both cut loose entirely from existing conditions" (p. 95), leaving the reader in doubt as to what is here meant by "scientific." The statement that "the position that a general direct tax cannot be diffused is

strengthened if the use made of the taxes by the government is beneficial and promotes production" (p. 313) appears to involve a confusion of the incidence of taxation with the effects of the government expenditure of the proceeds of taxation. The statement that the United States "has steadfastly maintained that the 'most-favored-nation' clause in her commercial treaties cannot be construed as applying to the tariff" (p. 162) has no basis in fact, and is probably the result of a misinterpretation of the American position that the concessions pledged in such a clause, whether applying to tariff or to other matters, become obligatory only upon the offer by the other party to a "most-favored-nation" treaty and the acceptance by the United States of equivalent reciprocal concessions.

A novel formulation of the marginal utility theory leads the author into inextricable logical difficulties. "The theory of marginal utility, which holds that each unit of a large supply or stock of goods available gives less satisfaction than each unit in a small one, gives us no measure of how much less the satisfaction is. It does however, teach that, in general, after the somewhat uncertain point of satiety is passed, each added unit in the surplus has no more utility than any other unit in the surplus. This gives us a scientific explanation of the common practice, adopted under the dictates of common sense, of stopping progression and reverting to proportion after some assumed high level is reached" (pp. 97, 98). Acceptance of his reasoning that the capacity to yield satisfaction of *each* unit of a supply diminishes as the supply increases, and also of his assumption that, for the rich, satiety in income is a commonly attainable condition of felicity, would point rather to total confiscation of all incomes in excess of some assumed high level than to proportional taxation thereof, and that, too, in the interest of the wealthy. Subtraction from the wealthy of all their income in excess of that amount which just brings them to satiety, i.e., zero utility, plus subtraction of a substantial additional amount, would once more enable them to get some satisfaction from their wealth.

The doctrine that "every tax tends to repress the development of the particular phenomenon on which it rests" is used as

an argument against the single tax on land values, and is supported by inductive inference from Mexican experience. "In Mexico land is not taxed, but if the farmer kills a cow, or sells a crop, he is taxed. Naturally this discourages any extension of the uses of land that involve this disagreeable consequence" (p. 88). This may be a valid argument against a tax on the slaughter of cows, but it is not a sufficient demonstration that a tax on land values would repress the use of land.

Tariff protection, it is stated, "is in every respect the same as if a subsidy were paid to the manufacturer or other producer, except that the money goes directly to him without first passing through the treasury" (pp. 147, 148). This, of course, is not so. A protective duty tends to raise the price and thus restricts consumption; a bounty tends to lower the price, and thus stimulates consumption. The burden of a protective duty falls commonly upon the consumer of the commodity protected; the burden of a bounty is merged with the common burden of taxation and is distributed without any reference to the consumption of the subsidized commodity. Other differences will readily suggest themselves.

The author does not like the use of "information at the source" in connection with income taxation. "It makes folks tattle-tales" and "it involves administrative difficulties far more costly in the long run than any returns it will bring in" (p. 241). "It tries to make some persons spies and tattle-tales and for that reason largely fails of its purpose" (p. 283). That the use of "information at the source," an American innovation, has definitely failed in practice does not appear to be the verdict of any person who has had actual contact with the administration of the federal income tax, and who has publicly commented thereon. Its retention in the Revenue Act of 1921 would indicate the contrary. That many of the persons or corporations—especially corporations—who are required to make information returns feel like tattle-tales or spies is doubtful. The real objection to information at the source, and one which is not inherent to the method, is that without compensation it imposes on indi-

viduals and corporations arduous, and often expensive, clerical duties in connection with the collection of taxes from other persons and corporations.

Of special assessments it is said that they "are assessed according to the cost of the improvements; the special benefit is the justification of the contribution, not its measure. There is seldom any difficulty in apportioning the cost fairly" (p. 334). All of these statements are either misleading or are in direct conflict with the facts. The cost of the improvement measures the maximum total amount of assessment; it has nothing to do with the apportionment of the assessment among the individual parcels of real estate benefiting from the improvement. This apportionment, both as a matter of practice and by compulsion of the courts, is invariably made upon the basis of the relative benefits conferred, or supposed to be conferred, upon the different parcels of land. The courts have repeatedly laid down the principle that the charge against an individual parcel of real estate must not exceed the benefit accruing to that property from the improvement. The attempt to apportion the assessment fairly almost always involves considerable difficulty, and has given rise to considerable litigation and to a variety of empirical formulas offered as approximate solutions of the problem. Even where an unmodified front-foot formula is used as the basis of assessment, the harmony between cost and assessment rests on an arbitrary assumption of correspondence between cost and benefit.

This exhibit can be terminated with a quotation which contains the substance of the author's refutation of the claim that the burden of a war cannot be shifted to the future:

> The fallacy upon which the "all taxes, no bonds" theory rests is the denial of the possibility of counting upon the future. We cannot of course eat wheat in January that is not to be harvested until the next fall. But we can and do every January sell wheat not even sown. That is, we sell wheat to be grown and sell it at a time when the land on which it is to be grown is still frozen solid and covered with snow. With the proceeds of that sale we can put men to work, or buy other goods for the wheat. This is the reason for and the nature of credit, namely, that it brings down to us out of the future the *value* of future products, although not the products them-

selves. If this is unreal, if credit is not real, all business is a mere dream, a figment of the brain. . . . .

It is useless to deny that we can mortgage the future, make the future pay for current war costs, for we do it, and have done it repeatedly. It is useless to say "the future is not *here* to bear burdens," that "the surplus of current (*sic*) income must be the source (sole source) of funds for financing a *present* war, and hence that borrowing "postpones no burden to the future." The future is ours to use as we please, it will all too soon be "*here*"; "*current* income" is of no importance save as "current" means "future," even a "present" war runs on for a time, and since we can bear no burden that is past, we can bear no burdens at all save in the future. The whole argument reduces to a play on words. It is astonishing that it had such currency and for a time bewildered so many people. [Pp. 404, 405. The parentheses, quotations, italics, "*sic*," are all the author's.]

This reasoning, whether valid or not, requires a restatement which will make it intelligible to the reader.

Hunter's *Outlines of Public Finance* does not demand detailed analysis. It maintains an even level of mediocrity throughout, in content matter and in analysis. The book as a whole is obviously a "writing-down" for lower grades of understanding of a small section of the authoritative literature in the English language. It leans especially heavily on Bullock's *Selected Readings* and on Seligman's *Essays in Taxation*. Statistical and other descriptive material of recent date is supplied in some abundance, but often with no, rarely with sufficient, appraisal or analysis. By cautious statement, by mere formulation of opposing doctrines, by appeal to higher authority, or by concentration on descriptive matter, the author too often evades the assumption of responsibility for a definite position on a controversial question. There is scarcely a trace of originality in the book, and it keeps safely and uninterestingly to the well-trodden paths. Perhaps, under the circumstances, this is not to be regarded as a defect. But there is not enough in the volume, except vagueness or ambiguity of exposition, to stimulate the student to raise questions or to challenge his analytical powers. The style in which the book is written is heavy, awkward, immature, not infrequently ungrammatical.

Of the inadequacy of research underlying this book, the treatment of the Physiocratic *impôt unique* presents a striking,

if somewhat extreme, illustration. The Physiocrats, of course, never succeeded in obtaining the adoption of their proposal for a single tax on land, and to Voltaire's famous satire on their scheme has been attributed in large part its failure to be put into practice. Hunter, nevertheless, gives a circumstantial account of the final breakdown of the tax because it did not work well. Comparison of his account with Seligman's version suggests the possibility that the error resulted from a misreading of the latter:

HUNTER[1]

One of the most interesting proposals for a single tax was the *impôt unique,* proposed and championed in France about the middle of the eighteenth century by the Physiocratic School. . . . .

Much was accomplished in putting the system into effect until glaring inequalities in the tax burdens became apparent. Citizens with large incomes from stocks, with unquestioned ability to meet fiscal burdens, were escaping entirely, while the poor landowners were able to meet the tax burden only with the greatest difficulty. The injustice became so marked, and the dissatisfaction so evident, that the *impôt unique* was abandoned.

SELIGMAN[2]

Toward the close of the eighteenth century, there was a school of French writers, the Physiocrats, who first advocated the plan of a single tax on land—the famous *impôt unique.* It was considerably talked about until Voltaire turned his caustic pen upon them and wrote the celebrated essay *L'Homme à quarante écus*—the man of forty crowns—, one of the most effective bits of mordant sarcasm ever written. Voltaire pictured the position of the French peasant toiling laboriously, amid conditions of unspeakable distress, but succeeding in getting from the soil a product equivalent to forty crowns. The tax-gatherer comes along, finds that the peasant can manage to keep body and soul together on twenty crowns, and takes away the other twenty. Then the peasant meets an old acquaintance, originally poor, who has been left a fortune of 400,000 crowns a year in money and securities. He rolls along the highway in a six-horse chariot, with six lackeys, each with double the peasant's income; his *maître d'hôtel* gets

[1] *Op. cit.,* pp. 363, 364.

[2] *Essays in Taxation,* 7th ed. (1911), pp. 77, 78.

2000 crowns salary and steals 20,000; his mistress costs 80,000 crowns a year. "You pay of course half your income, 200,000 crowns, to the state?" asked the peasant. "You are joking, my friend," answered he, "I am no landed proprietor like you. The tax-gatherer would be an imbecile to assess me; for everything I have comes ultimately from the land, and somebody has paid the tax already. To make me pay would be intolerable double taxation. . . . . Yes, yes, the single tax, it is a glorious thing."

The author is especially unfortunate in the phrasing of his definitions. The rate of a tax is defined as "the amount taken from each unit of the base" (p. 99). Dollars cannot be taken from pounds of tobacco. "The amount levied for each unit of the base" would have been better. He identifies excise taxes with internal revenue taxes and defines them as taxes "placed upon goods produced within a country" (*ibid.*). They are more often taxes levied upon goods destined for consumption within a country, including imported goods, and excluding domestic goods destined for export. His definition of a fee as "a semi-compulsory levy for some benefit, undertaken primarily for the public good, which also confers some benefit on the individual who makes the payment" (p. 121) raises questions both of language and of connotation.

A few details call for correction or revision. The author's discussion of export duties shows a close and unfortunate parallelism with Plehn's discussion commented on above (pp. 177, 178). In one place, the author says of old taxes that "the very fact that they have been able to endure is enough proof that they are good taxes" (p. 118). Later, he attacks the reasoning upon which this assumption is based (p. 205). It is no longer true that "the amount of funds which accrues from the excise

tax in the United States is as large as from any other source" (p. 212). It is not true that the courts have generally held that uniformity of taxation clauses in state constitutions do not prohibit classification of property in order to tax different classes at different rates (p. 281, cf. p. 264). "Confiscation" should be interpreted to mean taking away by taxation 100 per cent of any part of the tax base, and should not be confined to taking away 100 per cent of the entire base. A rate of 100 per cent on all income in excess of $100,000 is confiscation. Degression is a protection against confiscation of the entire base only if there is an exemption of a stated amount, or if the rate toward which the tax "degresses" is not substantially greater than 100 per cent. Degression through a uniform exemption of a stated amount for all incomes is not by itself a protection against confiscation of part of the tax base (pp. 111 ff.).

Nevertheless Hunter's book is neither without service nor, as a first effort, without promise. It is serving an emergency need, and perhaps it deserves to be judged on this basis. It can be used, in connection with collateral readings, with what are under the prevalent circumstances fairly satisfactory results. It at least does not compel the instructor using it to devote a large fraction of his time to correcting its facts or refuting its fallacies. Less diffidence on the part of the author in using his own powers of analysis, less reliance on a few obvious authorities, more care with the manner of presentation, would have enabled the book to make a much more favorable impression.

Professor Plehn's book needs thorough overhauling and revision to be usable as a text. Professor Hunter's book, in its initial form at least, cannot be regarded as anything more than a makeshift, to be discarded as soon as another text or an improved revision of his own book makes its appearance. The moral is clear. There is urgent need of the writing of textbooks in government finance.

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